

Thiagu's Blog Global Market Outlook- 19 Jan 21

Yellen's Senate hearing is in focus today, She says U.S. must 'act big' on next relief (Neither the President-elect, nor I, propose this relief package without an appreciation for country's debt burden).

She signals a hands-off approach, in so far as Dollar is concerned - hardly matters for markets - makes media stories. Biden appoints two consumer champions to lead top financial agencies - Wall Street wary.

Trump's new executive order requires U.S. investors to completely divest from the securities of 44 companies deemed to be linked to the Chinese military. Markets doubt Biden will reverse, or significantly ease, the ban anytime soon.

USD index: Positive setup targets 91.15, 38.2% of Nov-Jan fall

European growth prospects deteriorate as lockdowns spread. Bundesbank says German economy is at risk of 'sizeable setback'. Italy's PM won a key confidence vote, but faces a tougher test on Tuesday Netherlands 'Mark Rutte's govt resigned

EUR/USD has moved lower since Jan 7, and is poised above key support at 1.2063, 38.2% of the Nov-Jan rise 1.2060 break would target 1.1975 and 1.1887, 50% and 61.8 % of the move. A return to 1.1694, 38.2% of the 2020-2021 rise, is viable if longs fully unwind. A move back above 21 dma at 1.2202 would end the downside bias.

Trump admin slams China's Huawei, halting shipments from Intel, others. China to sanction U.S. officials for 'nasty behavior' over Taiwan. SD/CNH eases after failing to hold above 6.5000. Close above 21 dma 6.4946 to see significant upside.

While South Korea to unveil additional stimulus measures, North expected to launch missiles on Biden inauguration.

Brexit driven red tape proving a nightmare for many industries. GBP/USD remains mid-range - positive signals dissipate. Break of 1.3451 (Jan 11 hammer candle low) 2021 base would be a bearish signal.

Virus fears offset recovery hopes- USD/JPY trading on heavy side-from 55 dma at 103.96. Strong bids from importers and GPIF at 103.49

USDINR to stay anchored around 73.20.